

Testimony of the American Council of Life Insurers
Before the Committee on Insurance and Real Estate
Tuesday, March 13, 2012

House Bill 5484 - AN ACT CONCERNING CREDIT ALLOWED A DOMESTIC CEDING INSURER FOR REINSURANCE

Senator Crisco, Representative Megna, and members of the Insurance and Real Estate Committee, the American Council of Life Insurers (ACLI) appreciates the opportunity to offer the following comments in support of House Bill 5484 - AN ACT CONCERNING CREDIT ALLOWED A DOMESTIC CEDING INSURER FOR REINSURANCE. ACLI is a trade association with more than 300 legal reserve life insurer and fraternal benefit society member companies operating in the United States. ACLI members represent more than 90 percent of the assets and premiums of the life insurance and annuity industry. There are 242 ACLI member companies licensed to do business in Connecticut, accounting for 91 percent of the ordinary life insurance in force in the state.

The American Council of Life Insurers respectfully submits the following statement in support of the Connecticut Insurance Department's credit for reinsurance legislation, HB 5484. The proposed bill would grant discretion to the Insurance Commissioner to allow domestic insurers to take credit for reinsurance purchased from reinsurers that the Commissioner determines meet certain eligibility criteria.

The provisions of the legislation are an important and much needed update to Connecticut law and provide incentives to financially sound reinsurers to do business in Connecticut. Further, the legislation is critical to Connecticut's role in the insurance regulatory modernization debate both at the federal level and internationally.

Additionally, the legislation positions Connecticut as a proactive participant in both the federal and international regulatory insurance modernization debate. Both the EU and the U.S. federal government are looking critically at the current insurance regulatory landscape. One issue that is consistently raised in the debate is the application of state collateral requirements. By enacting the Insurance Department's proposed legislation, Connecticut is demonstrating the ability of the state-based insurance regulatory system to address international insurance issues.

Connecticut's adoption of House Bill 5484 will be beneficial to both residents and business in the state. The ACLI encourages members of the legislature to pass this important legislation.

Thank you for your consideration of our position. Please contact John Larkin at (860) 508-9924 or Kate Kiernan at (202) 624-2463 with any questions.